

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Regarding Microgrids
Pursuant to Senate Bill 1339

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) Rulemaking 19-09-009
) (Filed September 19, 2019)
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**COMMENTS OF THE REDWOOD COAST AIRPORT MICROGRID PARTIES
ON THE ORDER INSTITUTING RULEMAKING AND PRELIMINARY
SCOPING MEMO**

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October 21, 2019

On behalf of:
Redwood Coast Energy Authority
Schatz Energy Research Center

**BEFORE THE PUBLIC UTILITIES COMMISSION
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**COMMENTS OF THE REDWOOD COAST AIRPORT MICROGRID PARTIES
ON THE PRELIMINARY SCOPING MEMO**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the Commission’s September, 2019 *Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339* (“OIR”), Redwood Coast Energy Authority (“RCEA”), and Schatz Energy Research Center (“SERC”) (together, the “Redwood Coast Airport Microgrid Parties” or “RCAM Parties”) hereby submit the following comments on Preliminary Scoping Memo for the instant Rulemaking, as included in the OIR. These comments represent an initial, high-level response to the issues raised by the OIR and Preliminary Scoping Memo, and the RCAM Parties reserve the right to take additional positions or raise further issues going forward. The RCAM Parties have reviewed and support the Opening Comments of the Joint CCA parties, and submit the following comments to provide further detail and recommendations based on their experience developing the Redwood Coast Airport Microgrid (“RCAM”).

I. INTRODUCTION

RCAM will be the first front-of-the-meter, multi-customer microgrid in Pacific Gas & Electric Company’s (“PG&E’s”) service territory and is a partnership between RCEA, PG&E, and SERC. As part of the RCAM project, the partners are developing agreements and

experimental tariffs, which the RCAM Parties anticipate will provide valuable lessons and form the basis of proposals that they intend to share through participation in this proceeding.

The RCAM Parties are grateful to see the action taken by the Commission to move the implementation of microgrids forward in the state of California. Microgrids are a vital resource in adapting to climate change and have the potential to mitigate its effects. As a recipient of Electric Program Investment Charge funds, the RCAM Parties strongly support the steps taken in this proceeding to facilitate microgrid proliferation. The RCAM Parties also strongly support the adoption of pilot programs to benefit communities most impacted by Public Safety Power Shutoffs,¹ and the Joint CCAs' recommendation that other parties be allowed to propose pilot projects with specific solutions to resolve ongoing challenges they are currently facing in their efforts to deploy microgrids.

II. COMMENTS ON THE PRELIMINARY SCOPING MEMO

A. General Comment on Senate Bill 1339 Implementation

The RCAM Parties strongly supports the Commission's efforts in this Rulemaking to develop a standardized, efficient, and straightforward framework for the implementation of Microgrids. The RCAM Parties believe that this effort has the potential to remove the hurdles that currently limit Microgrid implementation and significantly bolster the rate of adoption of Microgrids.

With the exception of Issue 5, which requires a minor clarification, the RCAM Parties agree with and support each of the eight issues identified in the Preliminary Scoping Memo. In addition to these eight issues, the RCAM Parties support the inclusion of the two issues

¹ OIR at 2.

identified in the Joint CCAs' comments, recommends the addition of two further issues. These recommendations are discussed below.

B. Issue 5 Should Be Re-Worded To Clarify That Electrical Corporation Standards Are Determined By The Commission In This Rulemaking

Issue 5 of the Preliminary Scoping Memo states that in this Rulemaking the Commission will:

5. Facilitate the formation of a working group to codify standards and protocols needed to meet California electrical corporation and CAISO microgrid requirements, pursuant to Section 8371(e).

Although Issue 5 closely mirrors the language of Section 8371(e), the RCAM Parties are concerned that, as currently worded, Issue 5 may be misinterpreted. To avoid any ambiguity, the Commission should clarify that the “California electrical corporation microgrid requirements” referred to in Issue 5 and Section 8731(e) only apply to requirements approved by the Commission in this Rulemaking or a related proceeding, and that the investor owned utilities (“IOUs”) do not have the authority to unilaterally impose additional microgrid requirements without Commission approval. The RCAM Parties recommend the following minor clarificatory edit to Issue 5 (new language underlined):

5. Facilitate the formation of a working group to codify standards and protocols needed to meet California electrical corporation microgrid requirements, as approved by the Commission, and CAISO microgrid requirements, pursuant to Section 8371(e).

C. The Rulemaking Should Focus On Developing A Standardized, Integrated Process For Microgrid Implementation

Issues 1, 3, 5, and 6 all address different aspects of the process required to implement a working microgrid. Issue 1 focuses on service standards that meet state and local permitting requirements; Issue 3 focuses on identifying the studies needed for interconnection with the IOU grid; Issue 5 focuses on codifying standards for meeting CAISO and (Commission-approved)

Electrical Corporation microgrid requirements; and Issue 6 focuses on developing a metering standard to streamline the interconnection process. The RCAM Parties agree with each of these issues (except for the minor modification to Issue 5, discussed above), but believe that further discussion of the intended end-product of this Rulemaking is important. The RCAM parties believe that one of the most important products of this Rulemaking should be a single standardized process governing each step required to implement a microgrid. In order to remove the existing barriers to microgrid implementation, RCAM believes that this process must be:

- Uniform across all IOUs; and
- Streamlined to allow the satisfaction of all requirements (state/local, IOU, CAISO, etc.) through a single application and study.

D. The Issue 4 Rate and Tariff Issues Merit Close Consideration Through Comments/Proposals

Issue 4 states the need to develop new rates for microgrids to fairly compensate all parties involved in the implementation of a Microgrid. This is a particularly important piece of the microgrid innovation process. The RCAM will be the first multi-customer microgrid in PG&E's service territory when completed. As such, the RCAM parties have begun developing tariffs to mediate the economic relationship between the utility, the generation owner, and the end-use customers. The RCAM Parties have been working with PG&E and consultants to develop three separate experimental tariffs. The three tariffs are intended to guide the flow of revenue between the customer, the utility and the microgrid owner. These tariffs are:

- *The Microgrid Infrastructure Cost Recovery Tariff*, which governs the recovery of cost for the utility to install and operate the microgrid.

- *The Islanded Grid Services Tariff*, which determines compensation to the microgrid infrastructure funders and generation owners for helping to fund the grid.
- *The Islanded Energy Tariff*, which lays out compensation to the generation provider for energy supplied while in island mode.

The RCAM Parties have learned a number of lessons from this process, and request the opportunity to submit comments/proposals to share these lessons and inform the Commission’s consideration of this important issue.

E. The Rulemaking Should Modify The Preliminary Scoping Memo To More Explicitly Include Consideration Of Microgrids As A Resiliency Solution

The stated purpose of this Rulemaking is to implement the requirements of Senate Bill (“SB”) 1339 relating to facilitating the commercialization of microgrids for distribution customers of the IOUs. However, the OIR makes clear that “the scope of this proceeding may include all microgrid policy framework issues” including “programs, rules, and rates related to microgrids that will help accomplish the state’s broader policy goals.”²

One of California’s most immediate and pressing policy goals is mitigating the impacts of significant, multi-day Public Safety Power Shutoff (“PSPS”) outages. The pressing nature of this goal has been underscored by the October 9, 2019 PG&E PSPS event, which left hundreds of thousands of PG&E distribution customers (including a large number of CCA generation customers) without electricity for multiple days. In the wake of this outage, need to take immediate steps to build a more resilient electric system and mitigate the impacts of future PSPS

² OIR at 3.

events has been explicitly recognized by a wide range of parties, from the Governor to the Commission to PG&E itself.

Microgrids have a key role to play in ensuring electric resiliency for communities during PSPS events, natural disasters, and other outages. The October 9 PG&E PSPS demonstrated the operational fragility and interconnected nature of the State’s electric grid, where the de-energization of a given circuit or substation can lead to outages for large numbers of customers, even customers that are not located in high-fire risk areas. Microgrids can operate as part of the broader distribution system under normal conditions but can be “islanded” and operate independently when necessary. When paired with appropriate generation and storage resources, Microgrids can preserve essential system resiliency during even prolonged (multi-day) outages. Microgrids may provide particularly appealing solutions for:

- Communities that rely on high-risk transmission or distribution lines for power.
- Critical facilities and infrastructure.
- Vulnerable communities and neighborhoods, disadvantaged communities, and communities with high populations of medical baseline and access and functional needs populations.
- New developments, particularly developments that are already required to include the installation distributed generation resources such as rooftop solar.

The RCAM Parties believe that the entire Microgrids Rulemaking, including each of the eight issues identified in the Preliminary Scoping Memo, should be viewed through the “lens” of system resiliency in the PSPS context. Although Issue 8 (ensuring that microgrid programs, rules, or rates are consistent with relevant state policy goals) is broad enough to include the

resiliency issue, and the Preliminary Scoping Memo notes that this proceeding may examine pilot microgrid programs to benefit communities most likely to experience PSPS outages,³ given the pressing need for microgrids to mitigate PSPS events the RCAM Parties respectfully request that the Commission more explicitly recognize the need for resiliency microgrids by adding the following two issues to the Preliminary Scoping Memo:

9. Develop rules, programs, and rates that facilitate and incentivize the development and implementation of “Resiliency Microgrids” as a resiliency resource to reduce the impact of PSPS events and other outages.

10. For all rules, programs, and rates that are adopted for Microgrids generally in this Rulemaking, consider whether exceptions/exemptions to requirements, streamlined or prioritized processes, incentives, or other program modifications should be adopted to encourage the rapid development of Resiliency Microgrids.

III. PROCEDURAL MATTERS

A. Categorization

The RCAM Parties support the current categorization of this Rulemaking as “ratesetting.”

B. Need for Hearing

The RCAM Parties support OIR’s preliminary determination that hearings will be necessary.

C. Proposed Procedural Schedule

The RCAM Parties do not oppose the preliminary procedural schedule set forth in Section 4 of the OIR at this time, although support OIR’s preliminary determination that hearings will be necessary.

³ OIR at 2.

IV. PARTY STATUS

In accordance with Rule 1.4(a)(2)(ii) of the Rules of Practice and Procedure, the RCAM Parties hereby request that they each be granted individual party status, with the party of record listed as following for each of the RCAM Parties.

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V. CONCLUSION

The RCAM Parties thank the Commission for their consideration of the matters discussed herein. The RCAM Parties looks forward to collaboratively participating in this proceeding moving forward.

Dated: October 21, 2019

Respectfully submitted,

/s/David Peffer

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